

CAL EXPO RENEWAL PROJECT

CALIFORNIA EXPOSITION & STATE FAIR

Positioning Cal Expo Site to Obtain Highest Returns

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TASK 1 RECOMMENDATIONS BASED ON WORK COMPLETED

- Evaluated physical site conditions / constraints – including cost estimates for flood mitigation measures to facilitate redevelopment
- Prepared a revised conceptual plan for redevelopment of the existing Cal Expo site and the core area fairgrounds (based on confirmed fairground program requirements)
- Identified proposed land use entitlement approach for the development of private non-fair development / uses
- Identified potential approaches and mechanisms for funding predevelopment activities and infrastructure improvements
- Identified implementation, marketing, and disposition strategy for portions of the Cal Expo site designated for the development of non-fair uses

RECOMMENDED ROLE OF CAL EXPO BOARD

“Steward of the Land”

- Direct and manage the enhancement of the land designated for private non-fair development
- Land stewardship role does not extend to actual financing or construction
- A key purpose of the recommended land value asset enhancement process is to reduce risks and uncertainty with respect to site conditions, market responsive and financially feasible land use opportunities, regulatory approvals and governance issues

ESTIMATED OBTAINABLE BASE VALUE

- Costs of mitigating the flood potential may essentially be deducted from obtainable prices for private non-fair development area
- Currently estimated costs of +/- \$6 million of flood mitigation; therefore, net base supportable land value current estimate is +/- \$57million
- Net base obtainable land value estimate does not reflect the potential for incorporating greater amounts of institutional or commercial uses and smaller amounts of residential uses
- Institutional or commercial uses may be able to support a higher obtainable land value and a faster rate of land absorption

RECOMMENDED CAL EXPO RENEWAL PLAN

- Conceptual plans reflect the results of the identification of site constraints resulting from the physical due diligence, including required flood mitigation, entitlement audit, and marketing outreach
- Conceptual plan designates respective areas for fairground uses (+/- 230 acres) and private non-fair development (+/- 120 acres)
- Conceptual plan provides for a flexible framework of general land use designations for private non-fair development
- Developers, retailers and institutional user positively responded to conceptual plan - considerable interest in purchasing land for development of non-fair uses

RECOMMENDED CAL EXPO RENEWAL PLAN



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- Conceptual plan provides a framework for redevelopment of the fairgrounds core area
- Plan based on upgrades/modernization, expansion or replacement of existing facilities and development of new facilities
- Plan meets Cal Expo's identified fairground program and facility requirements
- Implementation of the conceptual renewal plan will be on a long-term, phased basis

RECOMMENDED CAL EXPO RENEWAL PLAN



RECOMMENDED LAND USE ENTITLEMENT APPROACH

- Cal Expo authority for land use / development decisions related to proposed public and private non-fair development consistent with the Cal Expo Master Development Plan
- Purview / decision making related to implementation of Plan including environmental review, land use / entitlements, disposition of property
- Master Development Agreement – (Cal Expo / City) vesting of development rights for private non-fair development
- Obtaining approval of the Cal Expo Master Development Plan and certification of the appropriate environmental review will help reduce the development risk

FINANCING OF PUBLIC INFRASTRUCTURE AND PREDEVELOPMENT ACTIVITIES

- Work with State officials to further evaluate potentially gaining access to State tax increment finance opportunities as well as other Federal, State, and local programs that could provide sources of funds for infrastructure improvements
- Work with City of Sacramento regarding the potential for directing locally-imposed development impact fee revenues to help fund public improvements needed to facilitate the implementation Cal Expo Master Development Plan
- Pursue application for funding under specific grant programs related to advance planning for proposed private non-fair development area of Cal Expo site

RECOMMENDED MARKETING AND PROPERTY DISPOSITION STRATEGY

- Competitive negotiation process that allows Cal Expo to consider a buyer's price and ability to contribute to the preparation of the Cal Expo Master Development Plan and other implementation tasks to create the highest and best use development using a policy criterion of "highest and most certain return"
- Combine the previously completed market research, and ongoing pre-solicitation planning and preliminary entitlement processing to reduce risks to both the buyer(s) and Cal Expo
- In order to avoid the large discount that institutional and other buyers purchasing land for their own use would seek if they are not given sufficient time to plan, finalize entitlement and other approvals, and conduct all due diligence activities, Cal Expo could consider accepting options to buy at a time certain for a minimum price.

NEXT STEPS IN THE ASSET ENHANCEMENT AND DISPOSITION PROCESS OF LAND STEWARDSHIP

Recommend the Cal Expo Board of Directors direct the Cal Expo executive staff and consulting team to proceed with Task 2 (Implement Disposition Marketing Program) of the strategic asset enhancement process endorsed by the Cal Expo Board in December 2010.

Task 2

- Test market development options
- Begin / refine marketing program
- Prepare offering solicitation
- Prepare supplemental implementation package
- Project web site design
- Prepare advertisements
- Contact likely interested parties
- Hold bidder conferences / property tours